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The KSA PERSPECTIVE

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Apparel Profile for 1985

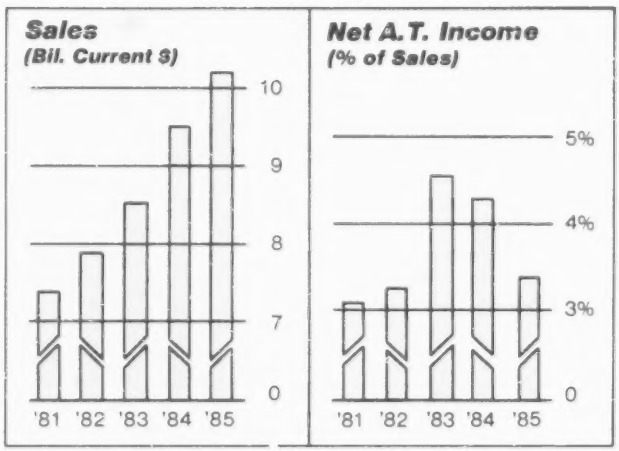
Moderate sales rise accompanied by profit drop for 54 public companies

The public apparel industry, shrinking before our eyes, nevertheless managed to increase its sales by $686 million (7%) in fiscal 1985. But profits slipped 14%, due largely to higher SG&A and interest expenses, and the persistence of 1984's inventory bulge. (Although stocks of finished goods receded by almost $100 million, materials and work-in-process inventories rose more than $40 million.)

Reflecting the growth of licensing, product development costs, and stronger marketing efforts, 20 cents of every sales dollar in this year's Profile went to SG&A. That also covered excess administrative costs; growth has slowed, while administrative overhead and white collar productivity tend to remain static. The added $254 million for SG&A, when combined with an extra $35 million for interest, comes to almost five times the drop in composite profit dollars.

Despite the profit erosion, return on sales was a respectable 3.4%, ahead of the group's performance in '81 and '82. However, composite return on equity sagged to 12.1% – a far cry from the heady 16% achieved two years ago.

5 Years – Sales and Income



Stand-Out Performances.

Despite over-all mediocre results, a few firms continued to achieve stand-out performances. *Liz Claiborne* scored first in five key rankings – net income, returns on equity, assets, and invested capital, and operating earnings... *VF, Oshkosh,* and *Russell* were again among the leaders. *Oshkosh,* which started in Men's Wear and shifted to Diversified in 1980, has joined the Women's and Children's sector, which products now account for 82% of its sales. The switch had a half percentage point effect on the bottom-line performances of the Diversified and Women's groups.

The contrasts and similarities between *Claiborne* and *VF* are instructive. These two successful companies follow completely opposite sourcing strategies; the former is almost 100% imports, while the latter depends upon its own domestic manufacturing capacity to the same extent. Yet they both have clearly stated market strategies and support them well with excellently managed operations. With these essentials in place, it doesn't seem to matter where you obtain your merchandise.

A More Leveraged Balance Sheet.

The industry's balance sheet changed in 1985. Both current and future long term debt jumped to record five-year levels while notes payable declined – indicating shifts to take advantage of lower interest rates, and to achieve greater leverage. At the same time, the long-term debt/net worth ratio rose to 0.51, reflecting the departure from the Profile of low-leveraged firms through LBO's or mergers. (*Levi's* ratio was 0.24 in 1984.) The collection period gained two days, and total inventory turns were a sluggish 3.47. Capital

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SALES AND EARNINGS*

SALES RANK 1985	1984	Company	Sales ($000)	Net Income ($000)
1	2	Sara Lee Corp. 06/85-C (1,2,3,6)	1,640,000	138,000 §
		12/85	1,709,000	160,400 §
2	3	VF Corporation 12/85-D	1,481,182	139,417
3	6	Interco 02/85-C	943,077	83,062 §
		02/86	907,800	66,700 §
4	+	Farley/Northwest (a) 12/85-C (1,4)	689,100	158,400 §
5	11	Warnaco 12/85-D	591,285	22,523
6	12	Phillips Van Heusen Corp. 01/85-M	590,787	15,298
		01/86	550,428	15,935
7	9	Kellwood Company 04/85-D	588,531	15,510
		01/86	557,359	13,596
8	10	Oxford Industries 05/85-D	558,666	7,133
		02/86	529,327	7,986
9	16	Liz Claiborne, Inc. 12/85-W	556,553	60,580
10	15	Manhattan Industries 01/85-D	520,688	1,124
		01/86	471,549	−11,008
11	14	Hartmarx 11/85-C (1)	475,000	77,200(l)
12	13	Palm Beach, Inc. 12/85-D	419,065	5,279
		03/86	405,399	3,984
13	27	McGregor Corp. 01/85-A	407,392	7,362
		01/86	458,782	16,658
14	17	Russell Corporation 12/85-D	385,433	29,612
		03/86	402,499	34,408
15	21	Farah Manufacturing 10/85-M	322,350	17,919
		01/86	336,637	9,656
16	20	Russ Togs 01/85-W	275,060	11,113
		01/86	276,815	10,986
17	19	Tultex Corporation 11/85-D	259,579	11,311
		02/86	274,198	16,143
18	22	Work Wear Corporation 12/85-A	240,921	9,687
		03/86	242,811	10,370
19	23	The William Carter Co. 12/85-W	211,453	3,063
20	24	Chromalloy-American 12/85-C (1,6)	193,996	7,520 §
21	31	Oshkosh B'Gosh 12/85-D	162,109	14,046
22	35	Nike 05/85-C (1)	160,400	+
23	32	Bayly Corporation 10/85-M	158,055	−598
		01/86	163,080	−47
24	28	Hampton Industries 12/85-M	157,012	3,223
		03/86	161,703	4,832
25	+	Gerber Products 03/85-C	150,334	19,089 §
		12/85	170,486	19,478 §
26	30	Genesco 01/85-C (1)	146,059	8,383 §
		01/86	124,038	−32 §
27	29	Swank, Inc. 12/85-A	140,074	1,845
28	26	Garan, Inc. 09/85-D	138,161	5,561
		12/85	126,086	4,113
29	33	Medalist Industries 12/85-A	126,998	2,448
30	37	Champion Products 12/85-D	118,414	2,363
		03/86	122,080	3,256
31	36	Stanwood Corporation 12/85-M	117,291	876
32	38	Adams-Millis Corp. 12/85-A	116,292	5,312
		03/86	119,090	5,467
33	40	Munsingwear 12/85-D	114,247	3,020
34	39	Oak Hill Sportswear 12/85-W	100,385	598
35	41	Superior Surgical Mfg. 12/85-D	98,540	4,027
36	45	The Cherokee Group 11/85-W	83,634	4,269
		02/86	88,466	5,096
37	42	Wayne-Gossard 12/85-M	79,228	−398
38	43	Movie Star 05/85-W	77,001	774
39	25	Marcade Group 01/85-W	71,383	−21,934
40	34	Savoy Industries 12/85-M	70,277	−446
41	48	Wilson Brothers 12/85-M	64,765	−1,499
42	47	Bobbie Brooks 04/85-W	64,707	−1,395
		12/85(b)	31,058	−7,000
43	+	Pope, Evans & Robbins 06/85-W	61,622	−12,947
		12/85	50,921	−15,630
44	46	Talley 12/85-C (1)	61,273	2,608 §
45	50	Aileen 10/85-W	53,259	112
46	56	Sanmark-Stardust, Inc. 06/85-W	52,030	2,716
		12/85	58,373	2,981
47	53	Jaclyn, Inc. 06/85-A	45,744	2,300
		12/85	42,430	1,685
48	+	Damon Creations 12/85-M	44,925	−2,325
49	52	Quality Mills 12/85-M	44,460	−799
50	55	Alba-Waldensian 12/85-A	41,525	−1,833
51	57	Kleinert's 11/85-W	41,166	2,765
52	54	Jack Winter 12/85-W	40,488	1,571
53	62	Rocky Mt. Undergarment 12/85-D	39,505	1,059
54	63	Nantucket Industries 02/85-A	37,444	1,309
55	61	Richton International 04/85-A	35,876	4,637
		10/85	38,786	2,552
56	58	Boss Mfg. Co. 03/85-A	34,793	−3,317
		12/85	23,707	−746
57	59	Kennington Ltd. 12/85-M	29,474	−4,991
58	49	Nexus Industries 07/85-M	28,674	−22,263
59	60	Noel Industries 10/85-D	28,182	117
60	67	State-O-Maine 02/85-M	26,251	1,528
61	64	ProGroup, Inc. 09/85-A	25,803	702
		03/86	26,561	1,456
62	65	Barco of California 06/85-D	22,077	−179
		12/85	21,272	−431
63	68	Raven Industries 01/85-C	14,620	290 §
		01/86	12,373	−633 §
64	69	Howard B. Wolf 05/85-W	9,075	−206
		Sales Total:	***14,683,750***	

+ Unavailable.

* Where available, quarterly data have been added to show trailing 12 months' performance. This information appears directly below fiscal year data for each company.

(a) Includes seven months as Northwest Ind.

(b)Figures are for 8 months ending 12/85.

C-Multi-Industry Firms or Conglomerate Divisions. Apparel sales may be estimated and include the following components: (1) Apparel; (2) Hosiery; (3) Associated Fashion Products; (4) Footwear/Boots/Leather Products; furniture; (6) other unrelated industries.

Where available, operating earnings (§) or pre-tax income(l) are shown.

investment dropped off slightly, while dividend payouts relative to earnings increased.

Diversified Leads Sectors.

The 16 Diversified companies in this year's Profile suffered a $52.6 million drop in profits on a sales increase of $353 million – which provided most of the problem for the total industry figures. Net after tax income slid to 4.2% from 5.5%, but it was still the highest of the sector ratios.

Women's wear raised its gross profit almost three points to 29.3%, and this enabled the 15 firms in the group to achieve a 9% pre-tax return on sales, by far its highest in five years.

Meanwhile, the 12 Men's Wear companies stumbled to a 2% pre-tax income, less than half what it was in the previous two years. Although helped considerably by extraordinary items over the years, the group's five-year net income trailed the others at 2.37%.

The 11 firms classified under Associated Fashion Products had a 25% sales gain – $253 million – but more than half of it went to higher SG&A and interest expenses, leaving the group with a mediocre 4.7% pre-tax income. As expected, the range of performances among these varied companies was wide.

Beneath the Numbers

The masses of data in each year's Profile generally reveal the same story; well managed companies perform well in good years and bad. This year, the numbers also provide a fascinating picture of an industry in transition. Here are some of the signs:

In fiscal 1985, 10 companies reported retail sales ranging from 1% to 23% of their volumes. The total reported came to $344 million, 3% of the Profile. There are very few public companies left that still derive all of their sales from apparel manufacturing.

Only 54 apparel and associated fashion products companies are profiled this year, compared with 125 in fiscal 1976 – the peak year for public ownership... Total 1985 sales for the profiled companies plus 10 conglomerates came to $14.7 billion; the previous year 69 firms did $18.9 billion. Over $4 billion of that total has gone private via leveraged buy-outs and divestment, and another billion will now show up in our Textile Profile (*Cluett's* acquisition by *WestPoint*).

Public ownership of companies in a mature, cyclical industry faced with competition from all sides understandably loses some of its appeal to investors and disenchanted conglomerates. When those companies have cash flow and leveraging potential, however, they attract both raiders and founding families anxious to protect their interests... There will always be some growth companies in apparel for whom public ownership is the next logical step, and there will probably be a few LBO's wistfully recalling the sturdy balance sheets of yesteryear...

The entire Profile paid 49.6% of its income in taxes last year. The tax bill now before the Senate would reduce the top corporate rate to 33% from the present 46%. A straight 13% reduction in taxes would have added $89.5 million–25%–to the public apparel industry's bottom line earnings in 1985.

Although they are changing their shapes and identities, apparel and associated fashion products companies remain one of the more viable links in the U.S. supply system. They have survived a difficult year in reasonably good shape. Despite an inventory glut, fierce price competition, and static consumer purchasing, most are ready to continue a moderately good recovery in 1986.

Apparel Performance Profile
Fiscal 1985

85 SALES RANK	COMPANY	A.T. INCOME ON SALES %	85	84	RETURN ON TOTAL EQUITY %	85	84	TOTAL DEBT TO ASSETS %	85	84	RETURN ON TOTAL ASSETS %	85	84	SALES TO TOTAL ASSETS %	85	84	GROSS PROFIT %	85	84	OPERATING EARNINGS %	85	84	INVENTORY TURNS %	85	84	RETURN ON INVESTED CAPITAL %	85	84
32	ADAMS-MILLIS CORPORATION 12/85-A	4.57	10	11	11.56	16	20	0.38	35	34	7.19	12	14	1.57	35	39	21.79	39	40	9.49	11	8	3.99	13	4	9.37	11	19
45	AILEEN 10/85-W	0.21	35	58	0.36	35	45	0.24	51	46	0.27	35	55	1.28	48	53	27.33	24	46	1.28	42	63	3.54	24	18	0.33	35	45
50	ALBA-WALDENSIAN 12/85-A	-4.41	53	35	-8.22	41	36	0.32	44	52	-5.59	52	35	1.27	49	43	10.39	52	53	-5.09	60	44	3.40	28	1	-7.24	41	37
62	BARCO OF CALIFORNIA 06/85-D	-0.81	47	37	-1.50	37	38	0.19	53	49	-1.21	48	37	1.50	38	44	30.60	11	14	-1.52	57	43	2.34	46	44	-1.49	37	36
23	BAYLY CORPORATION 10/85-M	-0.38	46	38	-2.44	38	33	0.61	12	8	-0.95	46	38	2.52	5	24	28.30	20	25	1.24	43	39	3.81	19	36	-1.55	38	35
42	BOBBIE BROOKS 04/85-W	-2.16	51	55	-13.24	42	46	0.55	20	20	-5.97	53	57	2.77	2	3	29.03	19	22	0.78	44	59	5.68	3	5	-9.63	43	46
56	BOSS MFG CO 03/85-A	-9.53	55	54	-42.90	45	44	0.57	18	25	-18.37	56	54	1.93	18	27	18.72	47	41	-6.88	62	61	5.13	4	7	-24.16	45	44
30	CHAMPION PRODUCTS 12/85-D	2.00	24	36	6.04	25	35	0.33	41	43	4.03	22	34	2.02	13	14	23.30	33	37	3.84	32	38	3.88	18	32	5.11	22	34
36	THE CHEROKEE GROUP 11/85-W	5.10	7	19	22.28	6	9	0.53	22	15	10.42	5	15	2.04	12	22	35.57	7	7	12.18	7	15	3.89	17	14	20.49	5	6
48	DAMON CREATIONS 12/85-M	-5.18	54	53	-20.25	43	43	0.55	20	18	-9.15	55	53	1.77	25	48	23.76	32	21	-3.75	58	48	2.96	37	49	-17.61	44	43
15	FARAH MANUFACTURING 10/85-M	3.25	+	6	24.99	+	6	0.63	11	10	9.27	+	12	1.67	29	46	29.87	16	12	6.92	18	11	3.75	20	25	18.04	+	11
27	GARAN INC 09/85-D	4.03	13	5	8.45	21	11	0.30	46	46	5.88	15	5	1.46	43	26	21.53	40	34	5.74	25	7	6.03	2	2	7.40	17	7
24	HAMPTON INDUSTRIES INC 12/85-M	2.05	23	25	7.90	23	24	0.51	27	21	3.83	23	24	1.87	21	15	19.05	45	44	6.28	21	26	3.42	27	13	4.53	25	28
47	JACLYN INC 06/85-A	5.03	8	8	12.92	12	16	0.28	48	50	9.33	6	7	1.85	22	13	29.23	18	19	7.68	17	25	4.90	7	1	12.55	6	8
7	KELLWOOD COMPANY 04/85-D	2.64	21	28	16.16	7	19	0.68	8	8	5.16	18	26	1.96	16	19	17.97	48	47	6.03	24	32	3.39	29	31	7.06	18	28
57	KENNINGTON LTD 12/85-M	-16.93	56	17	-7.59	40	39	0.18	54	53	-6.22	54	36	0.37	54	54	22.95	35	10	-6.12	61	17	2.01	52	54	-6.76	40	38
51	KLEINERT'S 11/85-W	3.63	+	+	23.72	+	+	0.58	14	28	10.08	+	+	1.50	38	32	16.47	50	49	9.98	10	9	3.48	26	20	14.85	+	+
9	LIZ CLAIBORNE, INC 12/85-W	10.88	1	1	37.23	1	1	0.27	50	51	27.22	1	1	2.50	6	1	38.60	4	3	21.12	1	1	4.67	8	8	35.07	1	1
10	MANHATTAN INDUSTRIES 01/85-D	0.22	34	26	1.34	34	12	0.65	9	14	0.47	34	23	2.16	10	9	28.04	22	11	1.95	41	34	3.28	31	34	0.78	34	22
39	MARCADE GROUP 01/85-W	-30.73	57	59	0.00	0	48	1.10	2	3	-47.82	57	59	1.56	36	8	4.09	53	43	-17.64	63	47	2.12	49	38	0.00	0	49
13	MCGREGOR CORP 01/85-A	2.00	24	7	10.13	19	14	0.78	7	37	2.23	27	11	1.24	51	42	39.84	3	35	7.93	15	16	4.22	10	29	3.13	27	13
28	MEDALIST INDUSTRIES INC 12/85-A	2.85	18	29	7.17	24	29	0.53	22	24	3.34	24	27	1.73	27	18	28.21	21	24	6.38	19	28	3.56	23	21	5.53	21	27
38	MOVIE STAR 05/85-W	1.01	30	33	3.90	29	31	0.58	14	18	1.62	31	33	1.61	32	24	22.59	36	36	2.04	40	36	2.17	47	47	3.61	26	26
33	MUNSINGWEAR 12/85-D	-1.09	+	+	9.61	+	+	0.45	31	37	5.31	+	+	2.01	15	16	26.41	29	30	0.05	46	60	4.30	9	6	7.26	+	+
54	NANTUCKET INDUSTRIES 02/85-A	3.50	16	9	10.77	18	13	0.53	22	22	5.07	19	16	1.45	44	50	22.03	38	29	7.85	16	6	3.96	15	15	6.08	19	21
58	NEXUS INDUSTRIES 07/85-D	-77.64	58	+	0.00	0	+	2.43	1	3	-210.58	58	+	2.71	3	34	-1.20	64	39	-30.75	64	18	3.07	34	40	0.00	0	+
59	NOEL INDUSTRIES 10/85-D	0.42	32	56	1.68	33	47	0.56	19	11	0.75	33	56	1.79	23	23	19.71	44	48	4.14	28	62	3.28	31	24	1.23	33	47
34	OAK HILL SPORTSWEAR CORP 12/85-W	0.60	31	+	2.98	32	+	0.35	40	32	1.94	30	+	3.25	1	2	20.75	43	42	2.23	39	41	6.06	1	3	2.70	30	+
21	OSHKOSH B'GOSH 12/85-W	8.66	3	3	29.55	2	2	0.33	41	41	19.86	2	2	2.29	9	6	29.98	15	16	17.07	3	3	3.75	20	17	24.94	2	2
8	OXFORD INDUSTRIES 05/85-D	1.28	28	16	5.79	26	8	0.48	39	28	3.04	25	6	2.38	7	3	21.46	41	31	3.48	35	19	3.90	16	12	4.98	24	5
12	PALM BEACH, INC 12/85-D	1.26	29	30	26.69	3	27	0.92	4	15	2.01	28	30	1.60	34	21	24.81	31	26	4.48	27	29	2.42	45	43	2.76	29	30
6	PHILLIPS-VAN HEUSEN CORP 01/85-M	2.59	22	22	11.12	17	20	0.51	27	31	5.50	16	17	2.12	11	11	27.90	23	17	6.05	23	27	3.52	25	33	8.09	15	17
43	POPE, EVANS & ROBBINS 06/85-W	-0.81	++	39	-41.30	++	37	0.58	14	7	-17.33	++	39	0.82	53	47	22.17	37	52	3.01	36	30	1.18	54	41	-20.41	++	39
61	PROGROUP INC 09/85-A	2.72	19	12	5.33	27	28	0.23	52	46	4.08	21	18	1.50	38	48	30.57	12	8	5.25	26	13	4.11	12	23	5.06	23	20
49	QUALITY MILLS 12/85-M	-1.80	50	32	-21.48	44	3	0.80	6	5	-4.21	51	19	2.34	8	7	16.81	49	45	2.44	38	33	3.35	30	27	-8.01	42	15
55	RICHTON INTERNATIONAL CORP 04/85-A	4.26	+	50	58.81	+	42	0.58	14	5	24.86	+	51	1.92	20	20	43.65	1	1	8.52	13	37	2.45	43	52	37.91	+	41
53	ROCKY MOUNT UNDERGARMENT CO 12/85-D	2.68	20	14	8.92	20	7	0.53	22	22	4.18	20	8	1.56	36	9	20.84	42	33	6.28	21	10	3.02	35	28	5.94	20	9
16	RUSS TOGS 01/85-W	4.04	12	13	12.38	13	17	0.37	36	43	7.84	8	10	1.94	17	12	25.28	30	28	6.32	20	24	4.18	11	10	12.07	7	12
14	RUSSELL CORPORATION 12/85-D	7.68	4	4	13.48	11	15	0.32	44	45	9.19	7	9	1.20	52	51	30.26	13	15	14.37	5	4	3.98	14	30	11.32	9	14
46	SANMARK-STARDUST INC 06/85-W	5.22	6	10	15.74	9	15	0.53	22	25	7.38	9	13	1.41	45	39	27.00	25	20	14.40	4	5	2.07	50	48	11.65	8	16
40	SAVOY INDUSTRIES 12/85-M	-3.73	+	31	-5.56	+	4	0.84	5	2	-0.87	+	29	1.37	47	17	33.47	9	5	4.01	31	31	2.44	44	16	-1.39	+	10
31	STANWOOD CORPORATION 12/85-M	0.33	33	51	3.43	30	40	0.65	9	12	1.21	32	50	1.62	31	31	18.81	46	50	3.65	34	40	2.56	42	42	2.20	32	40
60	STATE-O-MAINE 02/85-M	5.82	5	15	24.49	5	10	0.37	36	36	15.32	4	4	2.63	4	3	37.11	5	6	13.30	6	12	5.08	5	11	23.95	3	4
35	SUPERIOR SURGICAL MFG 12/85-D	4.09	11	18	11.94	15	26	0.39	33	37	7.30	11	20	1.79	23	27	29.62	17	13	8.62	12	21	2.82	41	46	9.28	12	23
26	SWANK INC 12/85-A	1.32	27	19	3.09	31	30	0.37	36	42	1.95	29	22	1.48	42	34	40.94	2	2	3.66	33	22	1.79	53	53	2.59	31	24
17	TULTEX CORPORATION 11/85-D	4.59	9	23	13.74	10	22	0.50	29	17	6.84	13	25	1.49	41	37	26.65	27	38	10.60	9	20	3.69	22	26	9.27	13	25
2	VF CORPORATION 12/85-D	9.41	2	2	25.16	4	5	0.36	39	33	16.21	3	3	1.72	28	44	35.77	6	4	19.58	2	2	4.95	6	9	20.55	4	3
5	WARNACO 12/85-D	4.01	15	21	11.96	14	23	0.39	33	28	7.33	10	21	1.93	18	27	33.17	10	9	8.04	14	23	3.02	35	39	10.77	10	18
37	WAYNE-GOSSARD 12/85-M	-0.50	47	52	-1.45	36	41	0.30	46	35	-1.01	47	52	2.02	13	30	16.21	51	51	0.60	45	46	2.92	39	44	-1.16	36	42
41	WILSON BROTHERS 12/85-M	-1.39	49	57	-160.66	46	49	0.97	3	1	-4.10	50	58	1.77	25	32	30.21	14	23	2.76	37	45	2.96	37	35	-60.08	46	48
52	JACK WINTER 12/85-W	3.45	17	+	8.02	22	+	0.33	41	40	5.37	17	+	1.38	46	36	33.92	8	54	4.08	29	64	2.87	40	19	7.94	16	+
19	THE WILLIAM CARTER COMPANY 12/85-W	1.45	26	34	4.14	28	32	0.44	32	25	2.34	26	31	1.61	32	37	26.99	26	27	4.06	30	35	2.14	48	50	2.89	28	32
64	HOWARD B WOLF 05/85-W	-2.27	52	27	-3.93	39	34	0.28	48	53	-2.84	49	32	1.25	50	51	23.03	34	18	-4.24	59	42	2.04	51	51	-3.89	39	33
18	WORK WEAR CORPORATION 12/85-A	4.02	14	24	15.97	8	25	0.59	13	13	6.58	14	28	1.64	30	39	26.43	28	31	10.63	8	14	3.25	33	37	8.27	14	31

\+ Extraordinary gains exceed 1% of net sales
++ Extraordinary losses exceed 1% of net sales

Industry Segment Results and Top Performers

Industry Segments and Top Performers*	No. of Firms Reported	Sales ($000)	Net Income ($000)	Net After-Tax Income on Sales %	Return on Total Equity %	Total Debt to Assets	Return on Total Assets %	Sales to Total Assets	Gross Profit %	Oper. Earn. %	Inv. Turns	Return on Invested Capital %
Women's Wear (W)												
Liz Claiborne		556,553	60,580	10.88	37.23	.27	27.22	2.50	38.60	21.12	4.67	35.07
1985	15	1,859,925	65,125	3.50	11.72	.43	6.70	1.91	29.28	10.13	3.19	9.77
1984	15	1,894,720	63,282	3.34	12.51	.48	6.44	1.93	26.40	8.50	3.40	9.72
Men's Wear (M)												
Farah		322,350	17,919	5.56	24.99	.63	9.27	1.67	29.87	6.92	3.75	18.04
1985	12	1,704,875	27,788	1.63	6.56	.56	2.92	1.79	26.30	4.71	3.31	4.55
1984	12	1,589,566	41,366	2.60	10.29	.58	4.35	1.67	27.51	6.31	3.37	6.84
Diversified (D)												
Palm Beach		419,065	5,279	1.26	26.69	.92	2.01	1.60	24.81	4.48	2.42	2.76
1985	16	5,392,229	226,214	4.20	14.53	.49	7.46	1.78	28.27	9.64	3.65	10.25
1984	16	5,039,494	267,092	5.30	17.97	.50	8.97	1.69	28.82	10.69	3.61	12.87
Associated Fashion Products (A)												
Richton Intl.§		35,876	4,637	12.93	58.81	.58	24.86	1.92	43.65	8.52	2.45	37.91
1985	11	1,252,862	30,452	2.43	8.60	.59	3.55	1.46	31.97	7.07	3.41	4.84
1984	11	999,511	36,481	3.65	10.97	.48	5.74	1.57	27.94	8.22	3.36	7.75
Composite Industry Total												
1985	54	10,209,891	349,579	3.42	12.09	.50	6.01	1.76	28.58	8.59	3.47	8.50
1984	54	9,523,291	408,221	4.29	14.97	.51	7.36	1.72	28.03	9.26	3.50	10.74

* Top performers in each segment determined by Return on Total Equity %.
§ Without extraordinary income. Richton's ROE was 19.39.

Top Performers

Return on Total Equity

		1985 %	1981-85 %	1981-85 Rank
1	Liz Claiborne-W	37.23	37.33	1
2	Oshkosh B'Gosh-W	29.55	30.56	2
3	Palm Beach-D	26.69	13.38	16
4	VF Corp.-D	25.16	27.08	4
5	State-O-Maine-M	24.49	19.17	7
6	Cherokee Group-W	22.28	–	–
7	Kellwood Co.-D	16.16	11.66	19
8	Work Wear-A	15.97	9.98	23
9	Sanmark-Stardust-W	15.74	17.91	8
10	Tultex-D	13.74	16.80	9

Net After-Tax Inc. on Sales

		1985 %	1981-85 %	1981-85 Rank
1	Liz Claiborne-W	10.88	10.22	1
2	VF Corp.-D	9.41	9.81	2
3	Oshkosh B'Gosh-W	8.66	8.84	3
4	Russell Corp.-D	7.68	8.07	4
5	State-O-Maine-M	5.82	4.10	15
6	Sanmark-Stardust-W	5.22	5.93	6
7	Cherokee Group-W	5.10	–	–
8	Jaclyn-A	5.03	4.86	9
9	Tultex-D	4.59	4.68	11
10	Adams-Millis-A	4.57	5.04	8

Classifications

The constantly-changing mix of companies in each year's Profile sample, plus changes in the product mixes of the companies themselves, call for many separate and flexible judgments regarding their classification.

Public companies deriving at least half of their total sales volumes from manufacturing and/or marketing of apparel or associated personal consumer products are included in the full data analysis.

These firms have been classified M (primarily Men's and Boy's Apparel), W (primarily Women's and Children's Apparel), D (Diversified, with neither Men's wear nor Women's wear predominating in the product mix), or A (Associated Fashion Products – companies whose sales may include some apparel along with related personal consumer products such as hosiery, gloves, headwear, leather products, jewelry, and the like.) Footwear is specifically excluded because firms in that product category are part of our Footwear Profile.

A separate category–C–covers divisions of conglomerates or multi-product companies that do a significant amount of business in apparel, although more than half of their sales is in retailing,footwear, or unrelated products. The apparel sales volumes of these companies, and some indication of their earnings performances, where available, are included in the Sales and Earnings table on page 2. However, their complete financial performance data have not been tablulated and do not appear elsewhere in this Profile.

Composite Profit and Loss Data – Apparel Industry

FISCAL PERIOD ENDING	1985		1984		1983		1982		1981	
	$	PCT	$	PCT	$	PCT	$	PCT	$	PCT
Net Sales	10209891	100.00	9523291	100.00	8628669	100.00	7938692	100.00	7351725	100.00
-Cost of Goods Sold	7292096	71.42	6854286	71.97	6223547	72.13	5816343	73.27	5451087	74.15
Gross Profit	2917795	28.58	2669005	28.03	2405122	27.87	2122349	26.73	1900638	25.85
-Sell. Gen. & Admin	2040701	19.99	1786717	18.76	1578269	18.29	1472728	18.55	1317199	17.92
Operating Earnings	877094	8.59	882288	9.26	826853	9.58	649621	8.18	583439	7.94
-Interest Expense	204003	2.00	169090	1.78	146229	1.69	194222	2.45	186708	2.54
Misc. Inc. or Exp.	15722	0.15	43075	0.45	19324	0.22	38684	0.49	22706	0.31
Income Before Tax	688813	6.75	756273	7.94	699948	8.11	494083	6.22	419437	5.71
- Income Tax	341986	3.35	358320	3.76	324662	3.76	245127	3.09	203095	2.76
Income After Tax	346827	3.40	397953	4.18	375286	4.35	248956	3.14	216342	2.94
Extraordinary Income	2752	0.03	10268	0.11	18864	0.22	12200	0.15	13311	0.18
Net Income	349579	3.42	408221	4.29	394150	4.57	261156	3.29	229653	3.12

FLOW OF FUNDS ANALYSIS					
Working Cap at Start	2373674	2273965	1975192	1791418	1578812
Net Income	349579	408221	394150	261156	229653
Depreciation	188363	145756	124249	102903	95414
Change in L-T Debt	146783	251578	37514	30743	34843
Change in Deferred	49481	46288	3622	33097	-5236
Change in Pref Stk	11297	-2498	-8043	-9942	-863
Change in Common	45288	40294	118864	39792	75760
Dividends Paid	-125659	-107390	-77803	-65962	-56745
Capital Expend	-275027	-273513	-218609	-176035	-161283
Misc Assets Change	-55906	-219744	-28586	-2279	-15208
Misc Transactions	-120700	-189283	-46585	-29699	16271
Working Cap at End	2587173	2373674	2273965	1975192	1791418

Disclaimer

The information presented in this Performance Profile was obtained from available annual reports made by public companies to their stockholders and to the Securities and Exchange Commission. While we believe the information furnished to be reliable, no representations are made as to the accuracy thereof. Kurt Salmon Associates assumes no responsibility for any errors in the Performance Profile, whether of omission or commission. Information presented herein is based solely on publicly-available data; the confidentiality of KSA's client relationships has been maintained throughout. KSA's Financial Performance Profile is intended solely for the statistical information of the purchaser. It is not a representation, prospectus, or circular in respect of any stock or security of any corporation. The data and comments contained herein do not constitute investment advice in any form.

The Complete Profile

A full print-out covering fiscal years ending 1981 through 1985 is available for in-depth comparisons and study.

For each of the companies, as well as the industry segment composites and the total industry aggregate, the report contains a full financial statement, a balance sheet, and a comprehensive list of ratios.

It is available from KSA in print or diskette (dBaseIII) at a cost of $300.

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